UNITED STATES DEPARTMENT OF AGRICULTURE Agricultural Adjustment Administration Division of Information Washington, D. C.

February 10, 1941

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This is background information for the use of State office officials and Information Assistants, State Committeemen, and others in the preparation of speeches, radio programs, correspondence, and other information material dealing with the mutual interests of the United States and Latin American countries in Hemisphere defense.



TOWARD HEMISPHERE DEFENSE

We know we cannot allow any foreign country to establish a military or naval base in this hemisphere.

We are beginning to learn that it is also dangerous to our security to allow foreign dictators to get entrenched in a business way in this hemisphere, for recent aggressions in Europe and Asia have shown that trade control is established first as a means to political control. From political control to military control is a short step.

Latin American countries are alive to this menace, but Europe is their largest customer. Plainly, the United States must take the lead in working out economic and military defense for the hemisphere.

We are working to unite the Americas in a business way and to secure them against attack in at least five different ways:

- 1. To make our military position more secure we have acquired new naval bases up and down the Atlantic coast, set up a separate Atlantic fleet in addition to Pacific and Asiatic units, and begun consultations with South American military officers on common defense problems.
- 2. We are attempting to develop in Latin America new sources of strategic raw materials, such as rubber.
- 3. We are helping Latin American countries develop their industries, as by making Brazil a loan for establishing a steel industry of its own.
- 4. We are doing our best to expand trade between the United States and Latin America. We are buying there more of the products we formerly bought elsewhere. This will help them, will increase our exports to them, and will give us a hemisphere source for many important raw materials.
 - 5. We are helping Latin America solve its surplus problems by assist-

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Military Cooperation

Hemisphere defense has been made vastly easier through Great Britain's lease to this country of six naval bases. The new bases extend the operating range of the United States fleet by hundreds of miles and make both Americas more secure.

In the northern part of the Hemisphere, Canada and the United States are jointly working out defense plans.

To the south, the Latin American countries have shown in several ways they mean business about hemisphere defense. At Havana, in July 1940, they took the position with the United States that the possessions which Great Britain, France, Denmark, and the Netherlands own in this hemisphere should not be allowed to fall into unfriendly hands. In October they sent their army chiefs here to begin talks with our military officials.

Development of Raw Materials

Latin America could easily produce many of the raw materials this country now buys from Asia and Africa. This would help Latin America and it would help us. First, it would give them new industries. Second, it would make them less dependent for their prosperity on one or two kinds of exports, as they now are. Third, it would give us surer and safer sources for these products within this hemisphere.

We are already investigating Latin America's rubber-producing possibilities. Department of Agriculture experts are examining tropical Latin America for the most favorable locations to produce rubber experimentally. Disease-free, high-yielding strains of rubber trees now developed, will be made available for commercial production. Under average conditions this should be in 10 years, though much depends upon the survey and upon research to follow.

We have taken steps to make tin, another essential commodity, available from the only important source of supply in the hemisphere. Bolivia sends all its tin ore to England because it has no smelters. We are building a tin smelter in this country, and have arranged with Bolivia to receive enough tin ore to produce around a fourth of the tin we use annually.

Our geologists are surveying the manganese, chromium, tungsten, and antimony deposits of Cuba, Brazil, and other Latin-American countries. Their reports will prove useful in planning Latin America's industrial development.

Expansion of Home Industries

Latin America could produce more of the things it needed if it had the home industries.

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Brazil, for example, has the iron and coal necessary to make steel. Yet, because it has no steel industry, it has been importing steel products from Europe.

This will no longer be necessary under a plan worked out by our Export-Import Bank. The Bank has loaned Brazil \$20,000,000 for the establishment of her first steel industry. Brazil has promised to put up \$25,000,000 of its own. The industry which will result will make Brazil independent in such light steel products as nails, wire, and machine parts.

The possibility of establishing other industries in Brazil is being considered by the Inter-American Development Commission. This Commission, of which Nelson Rockefeller is chairman, was set up by the American republics last June to put all the resources of the hemisphere to work.

So far the Commission has been laying the ground for long-range development. In Brazil the first of a series of councils to advise the Commission on local production and trade problems has been set up. The councils will eventually be established in all the South American capitals.

The encouragement of the handicraft retail goods industry in Latin America is being studied by the Commission. There is no reason why Latin America should not supply us with glassware, knit goods, and tooled leather which we have been getting from the Central European countries now under German domination.

Loans for American Purchases

The Latin Americans need our help in continuing the development of their industries and transportation systems.

Our Export-Import Bank has been doing valuable work in extending them assistance. The Bank has agreed to lend \$60,000,000 to Argentina, \$25,000,000 to Brazil, \$12,000,000 to Peru, and \$500,000 to Paraguay, which will provide dollar exchange for purchases in the United States.

Colombia has borrowed \$10,000,000 for agricultural and manufactured products to be bought here. The \$17,000,000 loaned Chile, the \$7,500,000 to Paraguay, the \$3,000,000 which has gone to Venezuela and the Dominican Republic, and the \$1,100,000 to Equador will cover purchases of industrial materials and transportation equipment in this country.

With its lending limit recently increased to \$700,000,000 by act of Congress, the Bank is now in a position to make more of these laons. The increase was made, according to Congress, "to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere."

Argentina has been a heavy buyer of United States goods. We have not bought enough goods in return to give Argentina the dollar exchange it needs to continue buying here. The Treasury's exchange of \$50,000,000 for Argentine pesos will provide Argentina with dollar exchange, allowing Argentina to continue purchasing American goods.

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Control of Surpluses

Like ourselves, Latin America has a surplus problem. She produces more wheat, cotton, corn, meats, and oil than she can use. We have shown what can be done in the surplus field by helping to promote the first international commodity agreement in this hemisphere.

The agreement divides on a quota basis the United States and the world coffee markets among the 14 coffee-producing countries. It was completed by the Inter-American Economic and Financial Advisory Committee. This committee was created by the American republics at Panama late in 1939 to meet the economic problems growing out of the European war. The committee has been convening in Washington since and is now studying the export trade of cotton and cacao with a view toward similar agreements. The possibility of distributing surplus commodities in the hemisphere is also being examined.

Teamwork in Finance and Transportation

The Inter-American Committee has provided the leadership for an Inter-American Bank. With more than the required number of signers necessary to insure its beginning, the \$100,000,000 bank will begin to function as soon as an act of Congress can be passed granting a charter and authorizing the necessary minimum \$5,000,000 contribution to its capital. The bank should do much towards stabilizing exchange rates and furthering long-term developments between the American republics.

In the field of shipping the American republics have cooperated through the Inter-American Committee to keep freight rates down. A shipping committee has been working on that problem continously. The Inter-American Committee was responsible for the first Inter-American Maritime Conference, held in Washington in December 1940 to promote shipping and trade facilities in the Western Hemisphere.

The Good Neighbor Policy

In view of the fact that modern war is total war, waged on economic as well as military fronts, the Office of the Coordinator for Commercial and Cultural Relations between the American Republics is an important unit of hemisphere defense.

The Coordinator's job is to see that Latin Americans get a true picture of life in the United States and that Americans understand something about the way the Latin Americans live. As a result of his activities a full-fledged program for cooperation will soon be under way in the cultural field.

American leaders in the arts and sciences will go to South American schools and universities and, in turn, South American scholars will be welcomed to this country. The two-way exchange of outstanding educators will be supplemented by research fellowships designed to assist both continents in problems of agriculture, sanitation, health, and industrial engineering.

The coordinator is cooperating with all of the broadcasting systems.

One of these, the National Broadcasting Company, has already inaugurated a series of special Inter-American programs which are being rebroadcast, without charge, by South American stations. The Columbia Broadcasting System has announced formation of a Latin-American network which will include 18 of the 20 republics, to begin operation in September 1941.

The press associations with an intensified hemisphere coverage will promote a much-needed two-way news coverage which will be supplemented by special service in the fields of news pictures and magazines.

A transportation study is under way aimed at increasing tourist traffic in the Americas. Establishment in Washington of an institute for post-graduate instruction of men in governmental, cultural, and commercial fields who plan to work and live in Latin America, is also being considered.

In the Inter-Departmental Committee on Cooperation with the American republics, the heads of 18 Government agencies and departments are carrying out an equally important job. In public health, child welfare, air-traffic safety, and numerous other fields they are cooperating with the Latin-American governments daily.

These projects are designed to provide a common defense for the Americas. The best possible insurance for this is improved business relations between the American republics.

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